

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

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Pakistan

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Oilseeds and Products Update 2014

Report Categories:

Oilseeds and Products

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Report Highlights:

Pakistan recently purchased 40,000 metric tons of U.S. soybean meal. This is the largest ever purchase of U.S. soybean meal by Pakistani importers and, if shipped, would be the first significant shipment since 1997. Larger importers continue to focus their buying interest on South American and potentially U.S. supplies of soybean meal. Smaller importers are likely to continue sourcing from India. Imports of sunflower seed and rapeseed have been strong as have imports of vegetable oil. Pakistan's cotton crop, the largest source of domestically produced vegetable oil, is being harvested and is estimated at 9.8 million 480 lb bales.

Status of Cotton Crop

Cottonseed is the principal oilseed crop in Pakistan, accounting for about 80 percent of domestic oilseed production. On October 16, 2014, the Cotton Crop Assessment Committee (CCAC) estimated the 2014 crop at 13.2 million 170 Kg bales (10.3 million 480 lb bales). FAS Islamabad continues to estimate the crop at 9.8 million 480 lb bales given the expectation that low prices will cause farmers to reduce the number of pickings in favor of planting their wheat crop earlier. A significant portion of Pakistan's cotton crop has yet to be marketed and arrivals are well behind the year-ago pace. Farmer dissatisfaction with low prices and the expectation that prices could rise as the government prepares to begin its 1.0 million 170 kg bale (780,000 480 lb bale) procurement program could be delaying the arrival process. With so much cotton still to be marketed, the procurement program, which sets a high purchase price of 34 cents per pound for seed cotton, could have a limited effect on cotton prices with low-cost imports available from India. In turn, farmers who are unable to sell under the procurement program may become increasingly dissatisfied with cotton pricing and move to plant wheat as quickly as possible.

Soybean and Soybean Meal Imports

Pakistan's marketing year (MY October/September) 2014/15 imports of soybean meal are projected at 800,000 metric tons (MT). Importers continue to diversify their purchasing of soybean meal away from India. Pakistan is likely to import around 400,000 MT of soybean meal from South America.

Trade sources indicate that two Panamax vessels were recently booked from Brazil at \$380 per MT Cost & Freight (C&F) Karachi and a few more are reportedly in the pipeline. Additionally, 40,000 MT of U.S. soybean meal was recently purchased. If imported, this will be the largest purchase of U.S. soybean meal ever by Pakistan and the first significant shipment of U.S. soybean meal since 1997. Larger importers are considering additional imports from the United States and South America, while smaller traders are eyeing imports from India. Recent purchases of Indian soybean meal were priced at \$425 per MT C&F at the Wahga land border with India. Falling oilseed and meal prices could lead to higher consumption as the poultry, livestock, and aquaculture industries boost the share of soybean meal in their feed rations. Soybean meal consumption could reach 1.2 million tons. Importers will continue to gauge whether the 11 percent tariff on soybean meal or the six percent tariff on soybeans makes one or the other more economically feasible.

Oilseeds and Edible Oil Imports

Oilseed imports are likely to increase due to lower prices in the international market for sunflower seed and rapeseed. Edible oil, especially palm oil imports are likely expected to be strong. Table 1 provides oilseed import statistics for the last three years along with imports for the period January to September 2014.

Table 1: Oilseed Import Statistics

(Figures in Metric Tons)

Product	CY-2011	CY-2012	CY-2013	Jan- Sept 2014
Rapeseed/canola	736,539	713, 828	543, 384	824,520

Sunflower	186,208	10,572	185,985	37,957
Soybean	10	0	0	9,094
Total	922,757	724,400	729,369	871,571

Source: Ministry of Commerce (MOC), Government of Pakistan and FAS Islamabad

Table 2: Edible Oil Import Statistics

(Figures in Metric Tons)

Product	CY-2011	CY 2012	CY 2013	Jan-Sept 2014
Palm Olien	970,747	752,603	779,308	757,045
RBDPO	263,443	749,513	998,619	877,186
CPO	749,000	428,352	278,118	69,492
CDSBO	51,200	40,500	55,214	98,249
Total	2,034,390	1,970,968	2,311,259	1,801,972

Source: Ministry of Commerce (MOC), Government of Pakistan and FAS Islamabad

RBDPO: Refined Bleached Deodorized Palm oil

CPO: Crude Palm Oil

CDSBO: Crude Deodorized Soybean Oil